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HOUSE BILL WOULD TAX PERSONAL USE OF BUSINESS AIRCRAFT

Legislation approved by the House Ways and Means Committee this month would impose additional tax liabilities on users of business aircraft under certain conditions. The bill, H.R.4170, the Tax Reform Act of 1984, would require persons who use business aircraft for personal trips to include the value of that transportation when determining their income for tax purposes.

The bill, which was cleared for debate by the full House last week under House Rules Committee procedures prohibiting substantive amendment, is a revised version of similar legislation adopted by the Ways and Means Committee last year but not acted upon by the House. It is designed to help reduce the federal deficit by increasing revenues through the adoption of more restrictive tax regulations and increasing some taxes outright.

Language in the bill would continue to exclude the free, space-available transportation of airline employes and their dependents from any additional tax liability on the basis that such transportation imposes no additional cost on the carrier. That exclusion would not apply, however, to personal travel on a corporate aircraft. The report on the bill states that "the exclusion for no-additional-cost service is not available, for example . . . to employes of a consumer goods manufacturer who travel for personal purposes on a company plane (even if the plane is otherwise making a trip on company business)."

The rationale cited for treating corporate flights differently is that "even assuming that there were no substantial additional cost to the employer in providing the service on a space-available basis, the service is not the same type generally provided to the general public in the specific line of business of the employer in which the employe-recipient works. Accordingly, the requirements of the no-additional-cost exclusion are not satisfied."

Purchase of Aircraft With IDBs Prohibited

Another section of the bill would eliminate the use of industrial development bonds (IDBs) for the purchase of an aircraft by a company. Communities routinely issue IDBs, which carry lower than market interest rates, to finance the construction of plants and facilities for the use of companies planning to operate in the community. Sources say that in a number of instances, communities have agreed to include the cost of a corporate aircraft in the bond issue. The tax bill, however, "prohibits the use of IDBs to finance liquor stores, sky boxes, private airplanes and gambling establishments." That section also would modify the public approval requirements for private activity bonds in the case of certain airports located in more than one jurisdiction.

One change in the tax bill that had been sought by aviation interests relates to collection of the 12-cents-per-gallon tax on aviation gasoline. Under current law, nine cents of the tax is collected at the refinery, while the remaining three cents is collected at the retail level, i.e., by the fixed-base operator. The tax bill states that effective July 1, 1984, the entire 12 cents per gallon excise tax on gasoline used in noncommercial aviation aircraft shall be collected at the retail level. Aviation gasoline dealers, such as FBOs, will be able to purchase fuel from the producers tax-free and will collect entire 12-cent tax from the retail customer. Such a system already applies to the sale of noncommercial jet fuel, which is taxed at 14 cents per gallon.

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BUSINESS/PERSONAL AIRCRAFT INDUSTRY — FEBRUARY UNIT SHIPMENTS

		Feb. 84	Cal. Year	Fisc.† Year
BEECH AIRCRAFT CORP.				
• Single-Engine				
BE-77	Skipper	0	0	1
BE-C23	Sundowner	0	3	6
BE-C24R	Sierra	1	1	1
BE-F33A	Bonanza	4	5	8
BE-V35B	Bonanza	0	0	0
BE-A36	Bonanza	8	25	44
BE-B36TC	Bonanza	5	11	27
• Multi-Engine				
BE-B55	Baron	1	1	5
BE-E55	Baron	0	0	0
BE-58	Baron	4	6	16
BE-58TC	Baron	0	0	1
BE-58P	Baron	2	3	5
BE-76	Duchess	0	0	1
BE-B60	Duke	0	0	0
BE-C99	Airliner	2	3	11
BE-C90-1	King Air	1	1	3
BE-F90-1	King Air	1	2	9
BE-B100	King Air	0	0	0
BE-200	Super King Air	5	8	23
BE-200C	Super King Air	0	0	1
BE-200T	Super King Air	0	2	3
BE-1900C	Commuter	3	3	3
TOTAL		37	74	168
Manufacturers net billing - $25,639,140				
BRITISH AEROSPACE				
• Multi-Engine				
BAe	Jetstream 31	2	3	6
HS-748		0	0	3
BAe 146-100		0	0	3
BAe 146-200		1	1	2
HS-125-700	Model A	0	0	2
HS-125-700	Model B	1	1	3
TOTAL		4	5	19
PILATUS BRITTEN-NORMAN LTD.				
• Multi-Engine				
BN-2	Islander	0	0	3
BN-2T	Islander	0	0	6
Mark III	Trislander	0	0	1
TOTAL		0	0	10
CANADAIR LIMITED				
• Multi-Engine				
CL-600	Challenger	0	1	1
CL-601	Challenger	1	2	10
TOTAL		1	3	11
CESSNA AIRCRAFT CO.				
• Single-Engine				
CE-152		0	0	1
CE-A152	Aerobat	0	0	1
CE-172	Skyhawk	13	24	64
CE-172	Cutlass	0	1	4
CE-172RG	Cutlass	2	2	12
CE-182	Skylane	8	10	30
CE-122	Turbo Skylane	0	1	1
CE-182RG	Skylane RG	0	1	7
CE-182RG	Turbo Skylane RG	2	7	7
CE-185	Skywagon	1	1	7
CE-U206	Stationair 6	6	9	17
CE-TU206	Turbo Stationair 6	3	3	8
CE-208	Stationair 8	1	2	5
CE-TU208	Turbo Stationair 8	0	0	1
CE-210	Centurion	3	6	11
CE-T210	Turbo Centurion	9	16	20
CE-P210	Pressurized Centurion	3	6	20
CE-188	AgHusky	0	0	1
CE-188	AgTruck	0	0	1
• Multi-Engine				
CE-303	Crusader	4	6	14
CE-335		0	0	0
CE-340		3	5	6
CE-402		0	1	5
CE-404	Titan	0	0	0
CE-414	Chancellor	2	5	7
CE-421	Golden Eagle	0	1	2
CE-425	Conquest I	1	3	11
CE-441	Conquest II	1	2	12
CE-500	Citation I	0	0	2
CE-550	Citation II	4	5	15
CE-650	Citation III	2	5	12

		Feb. 84	Cal. Year	Fisc.† Year
CESSNA/REIMS AVIATION				
• Single-Engine				
CE-F152		0	0	0
CE-F152	Aerobat	0	0	4
CE-F172	Skyhawk	1	1	2
CE-FR172	Hawk XP	0	0	0
CE-F182	Skylane	0	0	0
CE-F182RG	Skylane RG	0	0	0
TOTAL		69	123	310
Manufacturers net billing - $31,286,471				
AVIONS-MARCEL DASSAULT				
• Multi-Engine				
AD-My.10	Falcon	0	0	0
AD-My.20	Falcon	0	0	1
AD-My.200	Falcon	0	0	2
AD-My.50	Falcon	3	3	3
TOTAL		3	3	6
DEHAVILLAND AIRCRAFT OF CANADA				
• Multi-Engine				
DHC-5		0	0	0
DHC-6		1	1	2
DHC-7		3	5	7
TOTAL		4	6	9
EMBRAER				
• Single-Engine				
EMB-200		0	0	5
EMB-201	Ipanema	0	3	7
EMB-710	Carioca (PA-28-235 Dakota)	0	0	1
EMB-711	Corisco (PA-28RT-201 Arrow)	2	2	7
EMB-712	Tupi (PA-28-181 Archer II)	1	1	2
EMB-720	Minuano (PA-32-310 Saratoga)	0	1	2
EMB-721	Sertanejo(PA-32R-301 Saratoga)	1	2	2
• Multi-Engine				
EMB-110	Bandeirante	1	3	12
EMB-121	Xingu	0	0	2
EMB-810D	Seneca II	1	7	13
EMB-820	Chieftain	0	1	1
TOTAL		6	20	54
FAIRCHILD AIRCRAFT CORP.				
• Multi-Engine				
Merlin III-C		0	1	6
Merlin IV-C		1	1	2
Metro III		0	1	13
Expediter		0	0	5
TOTAL		1	3	26
Manufacturers net billing - $2,150,000				
GATES-LEARJET				
• Multi-Engine				
LR-25D		0	0	1
LR-29		0	0	1
LR-35A		0	0	8
LR-36A		0	0	0
LR-55		1	1	12
TOTAL		1	1	22
GULFSTREAM AEROSPACE				
• Single-Engine				
GR-164	Agcat	0	0	0
• Multi-Engine				
G-47	Cougar	0	0	0
GR-1159A	Gulfstream III	3	6	15
AE-840	Turbo Commander	0	0	1
AE-900	Commander 900	1	1	10
AE-980		0	0	0
AE-1000		0	1	4
TOTAL		4	8	30
Manufacturers net billing - $35,281,000 (Exports: 1 G-III To Bahrain and Kuwait)				
ISRAEL AIRCRAFT INDUSTRIES				
• Multi-Engine				
1124	Westwind I	1	1	7
1124A	Westwind II	0	0	8
TOTAL		1	1	15

		Feb. 84	Cal. Year	Fisc.† Year
LAKE AIRCRAFT				
• Single-Engine				
LA-4-200EP		0	0	9
LA-250	Renegade	0	1	2
TOTAL		0	1	11
MAULE AIRCRAFT				
• Single-Engine				
M-5-180C		0	0	0
M-5-200		0	0	1
M-5-235C	Lunar Rocket	0	0	2
M-6-235		0	0	0
TOTAL		0	0	3
Manufacturers net billing - $55,843				
MAULE AIR INC.				
• Single-Engine				
M-7-235	Super Rocket	1	3	5
TOTAL		1	3	5
(Exports: 1 M-7-235 to Guatemala)				
MITSUBISHI				
• Multi-Engine				
Solitaire		0	0	0
Marquise		0	0	2
Diamond		2	3	11
TOTAL		2	3	13
MOONEY AIRCRAFT CORP.				
• Single-Engine				
M-20J	201	6	9	29
M-20K	231	3	6	34
TOTAL		9	15	63
Manufacturers net billing - $9,804,500				
PIPER AIRCRAFT CORP.				
• Single-Engine				
PA-18-150	Super Cub	0	0	0
PA-38-112	Tomahawk	0	0	6
PA-28-161	Warrior	9	13	50
PA-28-181	Archer II	12	21	45
PA-28-236	Dakota	5	5	12
PA-28RT-201	Arrow IV	0	0	0
PA-28RT-201T	Turbo Arrow IV	4	7	15
PA-32-301	Saratoga	0	1	4
PA-32-301T	Turbo Saratoga	0	0	2
PA-32R-301	Saratoga SP	1	2	15
PA-32R-301T	Turbo Saratoga SP	2	3	12
PA-46-310P	Malibu	6	8	18
PA-36-375	Pawnee Brave	0	0	0
• Multi-Engine				
PA-23-250	Aztec	0	0	0
PA-31-310	Navajo	0	0	0
PA-31-325	Navajo C/R	0	0	1
PA-31-350	Chieftain	1	3	11
PA-31P-350	Mojave	1	3	13
PA-31T-501T	Cheyenne I	0	0	2
PA-31T-501T	Cheyenne IA	1	1	4
PA-31T-620	Cheyenne II	0	0	1
PA-31T2-620	Cheyenne II XL	0	1	6
PA-42-720	Cheyenne III	0	0	1
PA-42-720	Cheyenne IIIA	2	3	6
PA-34-220T	Seneca III	2	8	36
PA-44-180	Seminole	2	2	2
PA-44-180T	Turbo Seminole	0	0	0
PA-600A	Aerostar	0	0	0
PA-601B	Aerostar	0	0	0
PA-601P	Aerostar	0	0	1
PA-602P	Aerostar	0	0	0
PA-700P	Aerostar	1	1	2
PA-T1020		0	0	7
PA-T1040		0	0	1
TOTAL		49	82	273
SHORT BROTHERS LTD.				
• Multi-Engine				
SBJ-CS-7	Skyvan	0	0	0
SD-3-30		1	1	1
SD-3-60		0	1	10
TOTAL		1	2	11
SINGLE-ENGINE		123	223	598
MULTI-ENGINE		70	130	461
GRAND-TOTAL		193	353	1,059

UNIT SHIPMENTS COMPARATIVE TREND: 19 MANUFACTURERS

	February			Calendar Year			Fiscal Year to Date †		
	1984	1983	1982	1984	1983	1982	1984	1983	1982
Beech	37	26	66	74	42	125	168	144	403
British Aerospace	4	1	3	5	2	5	19	9	15
Britten-Norman	0	0	5	0	0	6	10	6	14
Canadair	1	*	*	3	*	*	11	*	*
Cessna	69	118	243	123	219	440	310	556	1,366
Dassault	3	1	8	3	5	16	6	26	33
DeHavilland	4	*	*	6	*	*	9	*	*
Embraer	6(1)	4(0)	22(7)	20(6)	15(5)	41(14)	54(36)	48(19)	90(41)
Fairchild	1	1	7	3	2	11	26	21	47
Gates	1	1	7	1	3	12	22	31	56
Gulfstream	4	6	5	8	8	10	30	39	54
Israel	1	1	3	1	1	7	15	1	16
Lake	0	1	2	1	2	3	11	10	13
Maule	0	2	2	0	5	4	3	14	11
Maule Air Inc.	1	*	*	3	*	*	5	*	*
Mitsubishi	2	4	1	3	6	2	13	28	14
Mooney	9	8	21	15	20	41	63	71	113
Piper	49	57	98	82	128	181	273	395	650
Short	1	2	1	2	4	4	11	7	11
TOTAL	193	233	494	353	462	909	1,059	1,406	2,906

Parentheses show actual Embraer deliveries, not including aircraft kits.
† Fiscal year October 1 - September 30.
* Figures not available.